# School Finance

Q & A

Kentucky Department of Education

Volume 2, Number 5

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This is a restatement of the July 2002 Q & A.

### **Payroll Issues for Returning, Retired Employees**

#### What are the new bargaining units for returning retired employees?

The following bargaining units have been added to your system in order to accommodate retired teachers who return to work in districts:

RCER – Retired Certified Employees

RCLA - Retired Classified Employees

All "Retired Employee's" master file records must reflect one of these Group/BU if they retired with KTRS benefits and they are returning to work. The PSD and CSD report will pull them to the report based on the RCER or RCLA Group/BU.

#### How does the district calculate FTE on returning, retired employees?

This must be done individually for each employee.

#### Example:

If a Certified Employee returns and KTRS provides them with notice that their maximum daily rate is to be \$250.00 and the school district contracts with the retiree to pay them an annual amount of \$34,500 to work 138 days, then:

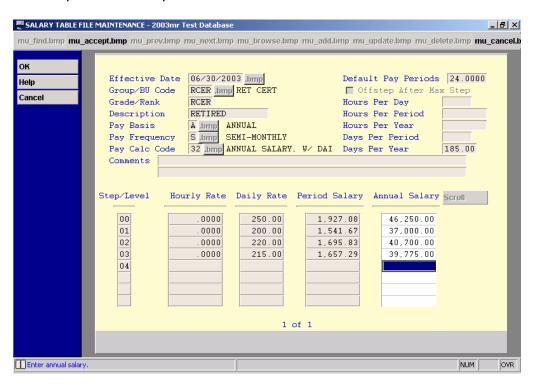
\$250.00 \* 185 days = \$46,250.00

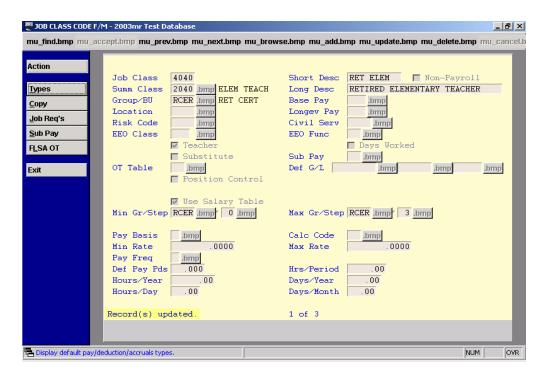
FTE = \$34,500 / \$46,250 = .7459 or 74.59% .7459 times 185 days = 138 days

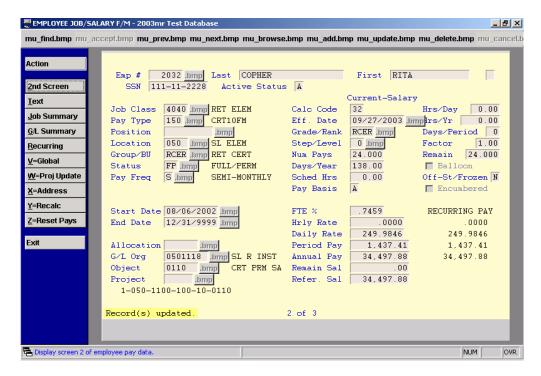
- 1) Set up a Salary Table (suggested grade/rank RCER or RCLA) with RCER or RCLA as the Group/BU. Use Calc Code 32. Input 185 to the DAYS per YEAR field. Input the annual salary as \$46,250.
- 2) Add an additional Job Class Code (4000 4999 range) with Group/BU of RCER that points back to the appropriate Summary Class Code. On the second screen of the Job Class Code Table, point to this RCER or RCLA salary table.

3) Add a Job Pay record for the employee with this Retired Employee Job Class Code. Enter the number of days as established by the employees contract (138) and enter .7459 as the FTE. KDE suggests only using one salary table for the returning retired employees. The step/level will distinguish the appropriate salary. This must be done individually for each employee.

The following screens provide examples:







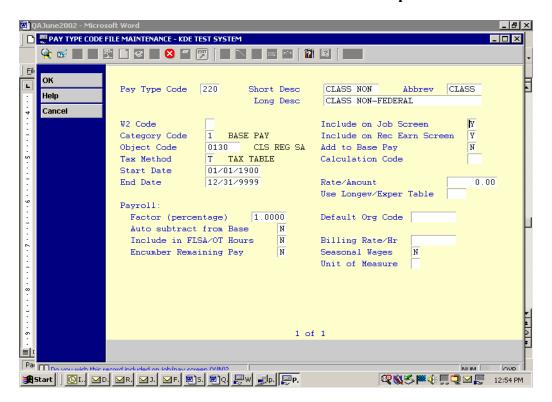
## **Additional Payroll Issues**

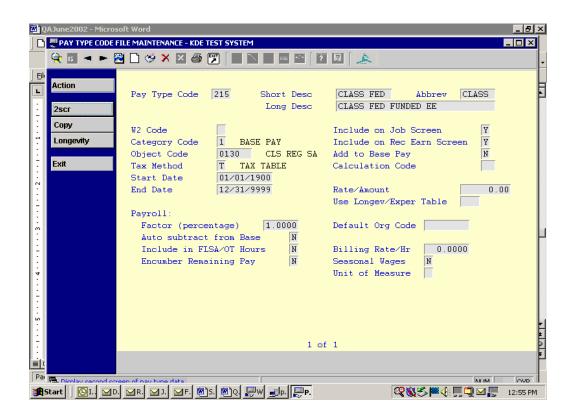
#### Does the district need a separate pay type for Federally Funded Classified Employees?

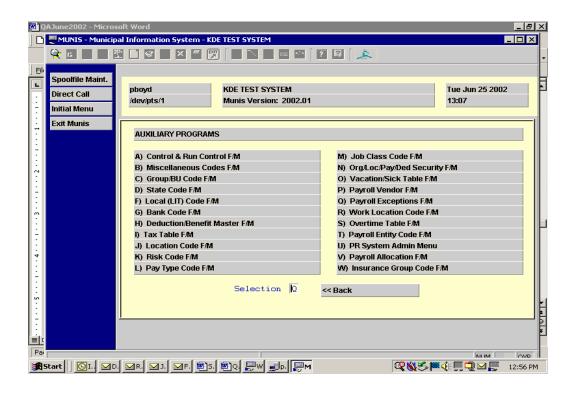
Just as KTRS requires 2 pay types for certified employees, now federally paid classified employees are going to need a different pay type than non-federal classified employees. If KDE's recommended pay types have been used and if different pay types are used for "10" month classified employees vs. 12 month classified employees 215 and 216 are the recommended pay type numbers. In the exception tables, the deduction codes 2999, 2998, 2997, and 2996 must have the non-federal pay types (both CERT and CLAS) being excluded from the deduction.

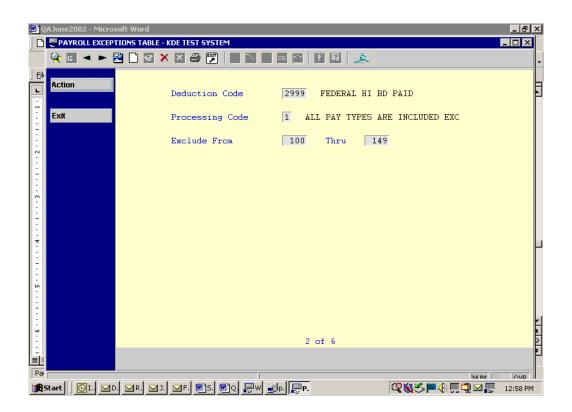
#### **STEPS INVOLVED**

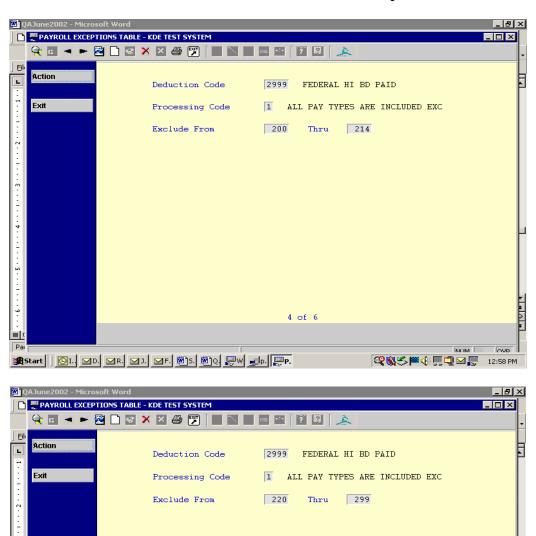
- 1) Add the new object codes (0294, 0295, 0296, 0297) to the Financial System.
- 2) Add the org/object code combinations to accommodate the additional expenses.
- 3) Add new deduction codes to the deduction master. (2996, 2997, 2998, 2999)
- 4) Add employee deduction records for all federally funded employees by manually calculating amount to be added to the employer portion field. The employee does not pay an additional amount. For FY 2004, the Administrative fee for Employees has increased from \$4.00 to \$5.00. The Life Insurance Fee has increased from \$1.96 to \$2.16. This means that the manual calculations for Federally Funded employees must once again be performed and the deduction reimbursement amounts be entered once again on the individual deduction record.
- 5) Add a classified pay type(s) for those classified employees that are paid from federal funds to Pay Type Tables. These employees must have a Job Pay record that reflects this pay type. This can be done either by using allocation tables or by adding additional Job Class codes.
- 6) Add additional Exception Table Records found in the Payroll Auxiliary Menu for these new Deduction Master numbers and exclude Certified and Classified Non-Federal Pay Types.











# <u>Does the district need separate pay types for Substitutes paid from Federal Funds vs. Non-Federal Funds?</u>

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If the district pays substitute teachers that are "subbing" for teachers paid from Federal Funds, the district needs to have both a Federal Matching Sub Pay Type and a Non-Matching Sub Pay Type. Substitute employees must have the KTRS deduction for matching vs. non-matching. Doing this requires having separate pay types that can be used for exclusion in the Payroll Exception Tables.

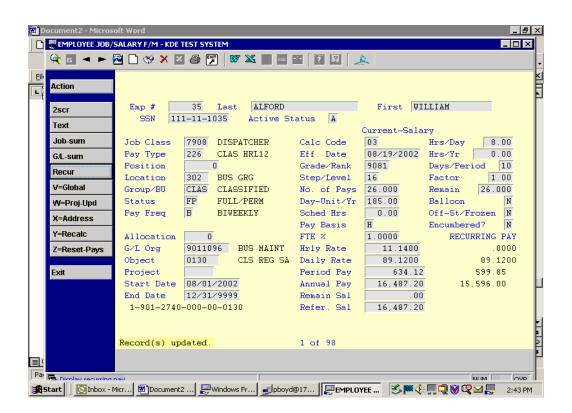
The non-matching pay type must be excluded from the matching KTRS deduction in a Payroll Exception Table Record. Access this Table from the Auxiliary files of the Payroll Module.

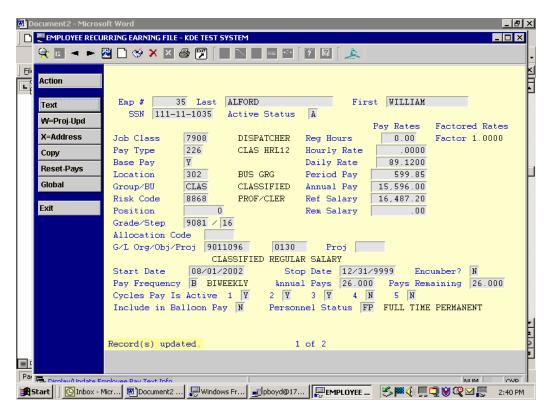
## What is the proper method for adding mid-year hires to Job Pay so that PSDs and CSDs generate correctly?

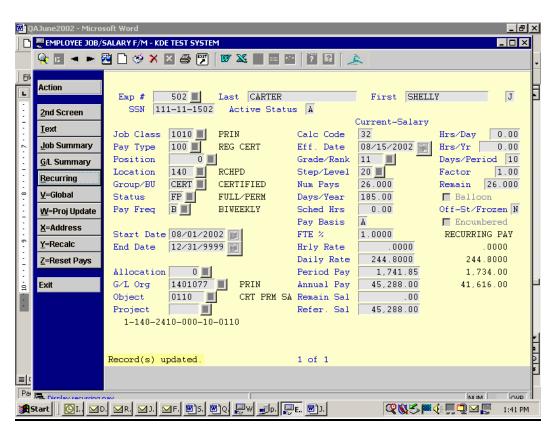
The job pay record for these mid-year hires should reflect a complete year of employment. The PSD and CSD reports will be pulling the reference salary from the job pay record. The recurring pay record should reflect the annual and period salary that the employee is to receive for the partial year. Classified hourly employee's recurring pay is suggested to reflect Regular Hours = 0, Hourly Rate = \$0.00, Daily Rate that corresponds to daily rate on the Job Pay Record, Period Pay = Manual Calculation by the district, Annual Pay = Manual Calculation by the district, and Reference Salary that corresponds to Reference Salary on the Job Pay Record. The PSD and CSD reports will be pulling the annual salary from the Recurring Pay Record and the Reference Salary from the Job Pay Record.

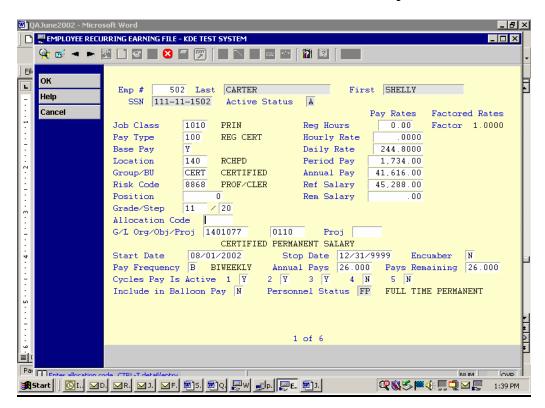
#### NOTE:

Updating the Job Pay Record causes the Recurring Pay Record to default back to the amounts on the Job Pay Record. It is suggested that the Recurring Pay Screen for an employee be printed prior to making any changes to the Job Pay Record of that same employee. Once Job Pay is changed, access the Recurring Pay screen, make the necessary adjustments, return to Job Pay, select update and escape.









#### How does the district calculate the percentage of an employee's time that is federally funded?

For Certified staff by % of total (object codes 0110 and 0111) Salary that is Federally funded.

If a certified employee with annual salary of \$48,000 (both base pay and extended day pay) in a county where \$245.00 is the state paid health insurance premium (external premium), and \$31,133.00 is paid from Federal Funds, then:

\$31,133 / \$48,000 = 64.86 Percent Federally Funded Salary and

Federally Paid Monthly Portion of the external premium is \$245.00 \* .6486 = \$158.91.

This \$158.91 should be remitted to KDE once every month.

The School District should set up an additional "**Kentucky State Treasurer**" vendor. The address on this vendor should be:

Kentucky Department of Education Attn: Division of School Finance 15<sup>th</sup> Floor, Capital Plaza Tower Frankfort, KY 40601

Add a 2999 deduction code for this employee.

Add a 2998 deduction code for this employee.

Add a 2997 deduction code for this employee.

Add a 2996 deduction code for this employee if the employee waives coverage and "flexes".

For Classified staff by % of hours worked that is Federally Funded.

If a classified employee in a county where \$300.64 is the external premium and the district is paying the employee for 6.5 hours each day and 3 hours of the 6.5 hours is paid from Federal Funds, then: 3 / 6.5 = 46.15 Percent Federally Funded Salary

External Premium to be paid by the district is \$300.64 \* .4615 = \$138.63

Add a 2999 deduction code for this employee.

Add a 2998 deduction code for this employee.

Add a 2997 deduction code for this employee.

Add a 2996 deduction code for this employee if the employee waives coverage and "flexes".

#### Below are screen prints from the Employee Deduction Master and Vendor Maintenance Screen

